USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 3/2/2006

GAIN Report Number: CA6009

Canada

Agricultural Situation

This Week in Canadian Agriculture, Issue 6

2006

Approved by:
Lisa Anderson
U.S. Embassy

Prepared by:
George Myles and Christina Patterson

Report Highlights:
* Farm Cash Receipts Hit New High on Record Program Payments and Livestock Market Recovery * Quebec Poultry Farms Test Negative for Avian Influenza After Imports From France * Wheat Tariffs Removed * Georgian Bay Files NAFTA Notice Against Federal Government * Ethanol Production Expands in Saskatchewan * Saskatchewan Announces Money for Crop Research

---

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

FARM CASH RECEIPTS HIT NEW HIGH ON RECORD PROGRAM PAYMENTS AND LIVESTOCK MARKET RECOVERY: Total Canadian farm cash receipts hit a record $36.9 billion in 2005, up 1.1% from 2004, and 4.8% above the previous five-year average. Producers received a record $4.9 billion in program payments, which accounted for 13.4% of their total gross revenue in 2005. Program payments were up 1.1% from 2004. Large payments delivered through the Canadian Agricultural Income Stabilization (CAIS) program and the Farm Income Payment program offset lower withdrawals from the Net Income Stabilization Account (NISA) and reduced provincial stabilization payments. Livestock receipts rose to levels closer to historic averages, as the cattle and calf sector continued to recover from the BSE-affected market. Livestock revenues rose 7.4% to $18.4 billion, up 5.2% compared to the previous five-year average. In contrast, crop receipts fell 6.2% to $13.6 billion, down 1.6% from the previous five-year average. Canadian cash crop growers have seen their revenues fall despite higher deliveries. Receipts for major grains and oilseeds dropped 13.0% from 2004 and 11.6%, compared to the previous five-year average. Abundant world grain supplies (including lower quality domestic grains from the 2004 harvest) and a strong Canadian dollar have continued to depress prices; in some cases, these prices have fallen to near-record lows. Note: All values expressed are in Canadian currency.

QUEBEC POULTRY FARMS TEST NEGATIVE FOR AVIAN INFLUENZA AFTER IMPORTS FROM FRANCE: As a precautionary measure, the Canadian Food Inspection Agency (CFIA) quarantined eight Quebec poultry farms that recently imported ducks and hatching eggs from France. Earlier, France confirmed a finding of highly pathogenic avian influenza H5N1 on a Turkey farm in the district of Ain. Swab samples taken from the Quebec farms were sent to the Canadian Science Centre for Human and Animal Health in Winnipeg for testing. On March 2, 2006 the CFIA announced that all of the Quebec birds tested free of avian influenza.

WHEAT TARIFFS REMOVED: For the first time in three years imports of Canadian hard red spring wheat (HRS) into the U.S. will no longer be subject to duties. The Canadian Wheat Board (CWB) was pleased with the removal of the tariffs, indicating that the removal of the tariffs was major victory for Canadian wheat producers. The CWB is looking forward to resuming HRS exports to more traditional levels into the United States. For more information please see CA5086.

GEORGIAN BAY FILES NAFTA NOTICE AGAINST FEDERAL GOVERNMENT: The Georgian Bay Milk Company (GBMC) and its U.S. investors have served the Government of Canada with a "Notice of Intent to Submit a Claim under Chapter 11 of the North American Free Trade Agreement (NAFTA)". In the ongoing battle with the Dairy Farmers of Ontario (DFO) and Ontario's provincial government, GBMC is attempting to move its case to the next level, the federal government. According to the GBMC, the fight with the DFO and Ontario's provincial government regarding GBMC's operation is jurisdictional, as the GBMC believes this is a trade issue, due to the fact that they are exporting milk to the U.S., which falls under the federal government. The DFO and provincial government indicate that the dispute is provincial as each province is responsible for regulations regarding milk production. According to GBMC's NAFTA counsel, the Ontario government and DFO have taken steps to destroy GBMC's business and under NAFTA, the Government of Canada is responsible for all of the actions of the Provinces. For additional information on GBMC see CA4074. A copy of the notice of intent can be obtained from www.naftaclaims.com.

ETHANOL PRODUCTION EXPANDS IN SASKATCHEWAN: According to *The StarPhoenix*, North West Terminal Ltd. (NWT), a farmer-owned grain terminal, is moving ahead with plans for an ethanol plant. The plant is expected to produce up to 25 million liters of ethanol per year, using 2.5 million bushels of feedstock. The plant will be located in Unity, Saskatchewan. Construction is expected to begin in the spring of 2007 and finish in 15 to 18 months.

SASKATCHEWAN ANNOUNCES MONEY FOR CROP RESEARCH: According to *The StarPhoenix*, Saksatchewan's provincial government recently announced $4.6 million in support of two agriculture research projects, one of which has the potential to reduce frost damage to cereal crops. The first project is attempting to identify the genes that contribute to frost tolerance, understand what helps the plants survive the cold and using this knowledge to improve low-temperature tolerance in crops. In August 2004, Saskatchewan experienced an early frost that caused serious damage to some of the best crops the province had seen in years. According to the research team, greater cold tolerance would also mean more environmentally friendly crop production, less herbicide use and reduced herbicide costs for producers. The second project involves oilseed diversification and specialization. The goal will be to turn canola from a black seed to a yellow seed plant, which produces more oil. In addition, yellow seed coats are thinner, which gives way to higher quality meal and more protein, with less fiber and anti-nutritional components.

Find FAS on the World Wide Web:

Visit our headquarters' home page at http://www.fas.usda.gov for a complete listing of FAS' worldwide agricultural reporting.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA6008	This Week in Canadian Agriculture, Issue 5	02/24/2006
CA6007	This Week in Canadian Agriculture, Issue 4	02/24/2006
CA6005	This Week in Canadian Agriculture, Issue 3	02/09/2006
CA6004	Livestock and Products Semi-Annual	02/01/2006
CA6003	This Week in Canadian Agriculture, Issue 2	01/24/2006

VISIT OUR WEBSITE: The FAS/Ottawa website is now accessible through the U.S. Embassy homepage. To view the website, log onto http://www.usembassycanada.gov; click on Embassy Ottawa offices, then Foreign Agricultural Service. The FAS/Ottawa office can be reached via e-mail at: agottawa@usda.gov